BABA GHULAM SHAH BADSHAH UNIVERSITY RAJOURI

SYNOPSIS FOR Ph.D REGISTRATION

Proposed Research Topic : Impact of Customer Relationship Management on Banking Services in Jammu Division of J&K – A Case Study

Name of the Supervisor : Dr. Dil Pazir

Name of the Scholar : Firdous Ahmad Parrey.

Department/School : School of Management Studies.

Subject : Management Studies.

Date :

Signature of Supervisor **Signature of Scholar**

INTRODUCTION

In today's highly competitive business environment companies are unable to longer survive with a transactional attitude towards customers. They have to focus their marketing lenses more rational dimension, which is considered to be the most suitable approach for satisfying and maintaining customers. We are moving away from marketing orientation towards relationship Management known as Customer Relationship Management. Customer Relationship Management is increasingly important to firms as they seek to improve their profits through longer-term relationships with customers. CRM is an integrated approach to identifying, acquiring and retaining customers. By enabling organisations to manage and coordinate customer interactions across multiple channels, departments, lines of business and geographies, Customer Relationship Management helps organisations maximize the value of every customer interaction and drive superior corporate performance. In an attempt to reach and connect with customers in an environment highly saturated with products, advertisements, and promotions, businesses are implementing a customer relationship management component in their marketing schemes With potential profit maximization in mind, businesses are turning to customer relationship management in order to better understand customers. Traditional marketing and mass advertising are proving to be ineffective in such a commoditized environment. They must focus on building unique one to one relationships with customers based on individual needs and wants thus, implementing customer relationship management is critical to the growth and future success of firms. The major objective-cum-meaning of CRM is to turn current and new customer into regularly purchasing clients and then to progressively move them through being strong supporters of the company and its products and finally being active and vocal advocate for the company in the market. Hence Customer Relationship Management is to maintain and enhance relationships with customers and other partners at a profit, so that the objectives of the parties involved are met.

The development of the nation is not possible without active assistance rendered by the banking institutions. Banking is a service industry and the bankers are expected to give top priority to provide satisfactory service to their customers. Whether anyone is depositor, a barrower or user of any other service provided by the banks, the motto should be understanding the customer needs and strive to satisfy them and that can be met only through better managed customer relationship management. There is intense competition among the Private Sector Banks, Public Sector Banks and Foreign Banks and they are all taking steps to attract and retain the customers. New technologies, research facilities, globalization of services, the flood of new products and the concept of all the facilities under one roof to provide better customer service leading to customer delight. Moreover brand loyalty is on decline, the customers are switching over frequently to avail the better facilities from other banks. In this regard banks have started recognizing that they can no longer look at a customer from a specific product or snapshot perspective but must encompass the entire customer relationship towards a client's profitability. They realize the importance of Customer Relationship Management and its potential to help them acquire new

customers and retain existing ones and maximize their lifetime value. Thus, the banks have to upgrade their products, improve customer service and create bonds of trusts through proper care of customer needs and regular communications. A greater focus on Customer Relationship Management (CRM) is the only way the banking industry can protect its market share and boost growth. A successful CRM strategy aims at understanding the needs of the customer and integrating them with the organization's strategy, people, technology and business process. Therefore, one of the best ways of launching a CRM initiative is to start with what the organization is doing now and working out what should be done to improve its interface with its customers. In the banking field a unique relationship exists between the customers and the bank. But because of various reasons and apprehensions like the financial burdens, the risk of failure, marketing inertia etc. Many banks are still following the traditional ways of marketing and only few banks are making attempts to adapt CRM. It is with this background, the researcher has made an attempt towards the idea that CRM can be adapted uniformly in the banking industry for betterment of Banking Services as well as for customer satisfaction.

REVIEW OF LITERATURE

Joshua Madan Samuel (2003) emphasized about growing need of managing customers better in banking. CRM applications applied in banking were customer knowledge, sales effectiveness, customer retention, customer segmentation, product presentation, customer fulfillments, customer acquisition, channel management, marketing intelligence, campaign management. The processes need to be redesigned in order to be able to utilize CRM for the customers and organizational benefits. The three S's of banking i.e., Size, Speed, Service are better managed by CRM. In the world of banking CRM technology was the answer to the question of increased growth with less cost. CRM is perceived as an all embracing approach, which seamlessly integrates sales, customer service, marketing, field support and other functions that touch customers. When using this approach by integrating people, process and technologies and leveraging the internet the relationship with all customers and suppliers is maximized (Hasounet and Alqeed, 2010). M.P.Gupta and Sonal Shukla (2004) attempted to highlight the learnings from CRM implementation in the banking sector. CRM systems were particularly relevant to retail financial services companies allowing much of the management of the customer relationship to be automated with the objective of maximizing the profitability of individual customer relationships while minimizing the cost of managing those relationships. The various issues examined included organizational information, the CRM strategy, strategic changes resulting from CRM implementation, implementation priorities for the banks and the factors indicating the performance after CRM implementation. The study revealed that CRM was gradually picking up and was definitely considered as a viable proposition by banks in improving services to their customers. One of the major challenges experienced during implementing CRM was resistance to change. To get CRM to work, high commitment was required in those who were implementing it. The existing customers are more profitable because the acquiring and

attracting of new customers is expensive and that it is less costly to up- sell or cross-sell products or services to current customers (Berry, 1995; Peppard, 2000; Sheth and Paravatiyar, 1995). Reichheld and Sasser (1990), showed the large impact on profitability of small increases in customer retention rates, which made the marketing community more conscious of the need to manage customer relationships in the long term as well as prior to the first sale. In addition, more studies have shown that the cost of retaining current customers is lower than the cost of acquiring new ones (Blattberg and Deighton 1996, Filiatrault and Lapierre 1997) and that economic benefits of high loyalty are important. The objective of customer relationship management is to unite and join information technology and business processes in a fashion that enables the firm to acquire new customers, to retain existing customers, and maximize the lifetime value of its customers (Peppard, 2000). It is agreeable that the CRM is a new approach that is geared to know and retain customers (Mastouri and Boumaiza, 2011). Its implementation is regarded as desirable by organisations due to the benefits that accrue from these strategies among their customers, such as greater loyalty and resulting profits. According to Fay (1995), there are two conditions associated with loyalty, one is customer retention and the other is total share of customer. The focus of a CRM strategy is the acquisition, retention and overall customer profitability of the specific group of customers. Kalakota & Robinson (2001) state that CRM is an integrated sale, marketing, and service strategy that precludes lone showmanship and that depends on coordinated enterprise- wide actions. Tiwana (2001) state that CRM is a combination of business processes and technology that seeks to understand a company's customers from multiple perspectives to competitively differentiate a company's products and services. Customer relationship management is a management approach to understanding and influencing customer behavior by managing relationships through meaningful communication to improve customer turnover (Swift 2000 and Hobby 1999). According to Ryals and Knox (2001) the key characteristic of customer relationship management is customer value creation through process management. Krasnikov, Alexander Jayachandran, Satish Kumar(2009) examines the impact of CRM implementation on two metrics of firm performance—operational (cost) efficiency and the ability of firms to generate profits (profit efficiency) using a large sample of U.S commercial banks. The study reveals that CRM implementation is associated with a decline in cost efficiency but an increase in profit efficiency. According to Kalyani Menon and Aidan O'Connor (2007) retail banks need to focus more strongly on components of their Customer Relationship Management strategy that will generate customer affective commitment and lead to an increase in customer retention, share of wallet, and advocacy. Kaushik Mukerjee (2006) focused on CRM in Banking and its applications in ICICI Bank. The CRM in ICICI is being used for targeting customers, sales, consistent interface with customers, etc. ICICI Bank has managed to focus better on customers by undertaking a serious approach that has enabled it to manage its operations effectively. Liu (2007) examines the product and service quality and customer relationship factors that influence the customer selection and image of the principal banks. Kallol Das and Jitesh Parmar (2009) explores the association between deployment of customer relationship management best practices and loyalty of profitable customers in Indian retail

banking sector. Uma Sankar Mishra and Bibhuti Bhusan Mishra (2011) the banking industry of India is now running in a dynamic challenge concerning both customer base and performance. This reports on a research study of the adoption and use of CRM in banking sector and is just a small step in understanding the multidimensional construct of customer relationships and its implications in competitive environment.

JUSTIFICATION OF THE STUDY

The role of CRM is quite different and distinguishable to traditional type of Marketing. CRM participate not only in Marketing but also in implementing the business as a strategy to acquire, grow and retain profitable customers with a goal of creating a sustainable competitive advantage. Particularly in banking sector, the role of CRM is very vital in leading the banks towards high level and volume of profits. So there is a need to study the role of CRM in development and its impact on banking Services all the time. The study is going to be conducted in Jammu division of Jammu and Kashmir State. The Province has an area of 26,293 square meters with a total population of 5,350,811 lakhs as per 2011 census and constituting of ten districts of the state. No research has been carried out on the customer relationship management in the province. It is on account of these reasons that the present study entitled *"Impact of Customer Relationship Management on Banking Services in Jammu division – A Case Study"* will be conducted in Jammu division.

OBJECTIVES

The study would focus to achieve the following objectives:

1. To identify the managements efforts towards the development of customer relationship management.
2. To evaluate the service quality offered by the banks under study.
3. To analyze the impact of customer relationship management on customer satisfaction and retention.
4. To examine the techniques/ measures of Customer relationship management existing in banks.
5. To evaluate the impact of customer relationship management on the business performance of banks under study.
6. To suggest recommendations and strategies for effective implementation of customer relationship management.

HYPOTHESES

To achieve the above stated objectives, the following hypotheses are formulated.

1. There is significant role of management for implementation of effective customer relationship management.
2. Customer relationship management acts as key indicator in improving the service quality of banks.
3. There is positive relationship between customer relationship management and customer satisfaction and retention.
4. Factors associated with customer relationship management are significant drivers of overall customer perceived quality.

RESEARCH METHODOLOGY:

How much effective any research turn out depends upon the methodological approach followed.

SAMPLE DESIGN

The study shall be based upon the sample of customers/employees drawn from the national banks operating in the study area under two headings:

1. Selection of banks
2. Selection of respondents from the selected banks

Selection of banks

There are total 181 branches of nationalized banks operating in Jammu division. The State Bank of India (SBI), The Punjab National bank (PNB), Central Bank of India (CBI), Oriental Bank of Commerce (OBC) and others (remaining nationalized banks) having 83, 23, 14 13 and 49 bank branches respectively. For selection of bank branches 17, 5, 3, 3 and 10 will be selected randomly comprising of 20% of each. In all 38 branches will be selected for the study.

Selection of respondents from the selected banks

Out of the 38 selected bank branches the respondents shall be selected based on pilot survey and by adopting stratified random sampling technique.

DATA COLLECTION

In the light of the above stated objectives and the nature of the study, both primary and secondary sources of data shall be collected for the proposed research. The primary data would be collected through well designed questionnaires from the sample respondents. Moreover,

personal interviews would be used to elicit further information. The secondary data will be obtained from concerned organisations, books, journals, periodicals, news papers, internet etc.

DATA PROCESSING AND STATISTICAL ANALYSIS

After proper classification and tabulation of the collected data, suitable statistical tools and techniques will be used for analysis and interpretation.

TENTATIVE CHAPTERIZATION

CHAPTER ONE:

Introduction and Objectives of the study: This chapter would be introductory in nature and would introduce the problem and enumerate the objectives of the research under study.

CHAPTER TWO:

Literature Review: In this chapter a survey of the existing literature on the subject would be made and the need for the current study would be highlighted.

CHAPTER THREE:

Methodology of the study: This chapter would explain the methodology of the research which would be followed.

CHAPTER FOUR:

Analysis and Findings of the study: This Chapter would present the main results of the survey. With the application of statistical tools, the analysis and interpretation of the data would be discussed in detail to delineate the conclusions

CHAPTER FIFTH:

Conclusion and Recommendations: This chapter would summarize the main findings of the study and would note down the main conclusions and policy implications for the organisations about which the study is related.

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